

Development Initiatives

# Aid information in Rwanda

aidinfo project case study

DRAFT VERSION

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April 2009



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## Executive summary

There are a number of repositories of data on aid to Rwanda held by departments of the Government of Rwanda (GoR), the National Bank of Rwanda (BNR) or within the Organisation for Economic Co-operation and Development (OECD). Five of these repositories hold data across donors and sectors and are thus potential sources of aggregate data on all aid to Rwanda, these are:

- DAD – the Development Assistance Database implemented by the External Finance Unit in MINECOFIN (the Rwandan Ministry of Finance)
- The access database of project execution data held by CEPEX
- The foreign exchange projection spreadsheets prepared by the Banque Nationale du Rwanda
- The national budget documentation
- The CRS database of the OECD-DAC

There is however little direct usage of these repositories by individuals within the GoR who need access to information on aid to Rwanda. Each user of aid data tends to go to their own preferred source of information (typically donors or line ministry officials). This leads to duplication of effort and some resentment among information providers who find themselves being repeatedly asked for the same information by a number of different individuals.

Civil Society Organisations' (CSO) access to information on aid to Rwanda is poor. CSOs glean much of their information from the broadcast media as they get almost no information from official sources. There is however a real desire on the part of many CSOs in Rwanda to get more information on aid for the purposes of advocacy, research and increasing their awareness of opportunities to act as delivery partners in aid-funded projects.

The main reason why the repositories of data are not extensively used is the fact that there are wide discrepancies between all of them as to the amount of aid provided to Rwanda.

There are differences in coverage, i.e. donors appearing in some repositories but not others. For example there are 12 donors who appear in the CRS, but who are missing from the DAD and a further 8 donors who appear in the DAD but not the CRS. In general, the DAD is better at capturing information from multilateral donors, whereas the CRS contains information from smaller bilateral donors, who are often missing from the DAD.

There are also wide differences in the financial amounts attributed to each donor. For the 16 donors who appear both in the DAD and the CRS, there is a total difference between the aid disbursements recorded in the two systems of \$96million in 2006 and \$166million in 2007.

There are a variety of reasons for these discrepancies including:

- The DAD is typically missing data from donors whose aid agency does not have an in-country mission
- There is relatively poor coverage of multilateral donors in the CRS
- There is a lack of consistent definition of key terms. For example USAID staff in Rwanda use a different definition of 'disbursement' when reporting to the DAD to that used by USAID headquarters staff when reporting to the CRS. The differences in US reporting alone caused a total discrepancy of \$93million between the two systems over the two years 2006-07.
- There seems to be a difference in data provided to the GoR for aid interventions where in-country donor staff have greater autonomy compared to those situations which involve a high degree of central control by donors' HQs.
- Countries with multiple aid agencies may not capture data on all of their aid interventions when reporting to the DAD.
- There appeared to be human error in some of the data entered into the DAD which resulted in some projects having unrealistically low levels of disbursements.

The data for budget support disbursements were found to be relatively reliable, meaning that the great majority of discrepancies occur in the data on project-based aid.

There appears to be no accepted definition as to what actually constitutes a 'project'. For example, in the 2007 DAD data, Belgium is listed as having 37 projects with total disbursements of \$25million, whereas USAID is shown as having disbursed \$152million to just 7 projects.

A minority of donors do, however, provide information that enables linking of project data in the CRS with that held in the DAD. In these cases the potential for traceability is greatly improved.

The overall result is that there is no real clarity as to the amount of project-based aid disbursed to Rwanda or, in many cases, the form in which this aid arrives. As project-based aid makes up between 20 % and 30% of the GoR budget, this causes severe problems not just in aid management, but in the overall economic management of The Republic of Rwanda.

Both the macroeconomic framework and the budget of the GoR contain estimated figures for project-based aid that adversely affect their reliability.

The uncertainty over the amount of project-based aid also affects key economic measures such as GDP and the balance of payments.

The establishment of a transparency standard for aid information, as proposed by the International Aid Transparency Initiative (IATI), has the potential to address many of the shortcomings in the data on aid to Rwanda highlighted in this report. This report concludes with a number of suggested improvements to the data that could be considered for inclusion in such a standard.

## About Development Initiatives

Development Initiatives is an independent organisation that provides research and consultancy services on aid, development and poverty reduction.

We work with people in donor governments, the OECD DAC, international agencies, NGOs and the academic community to interpret and communicate aid and development data, policy and practice.

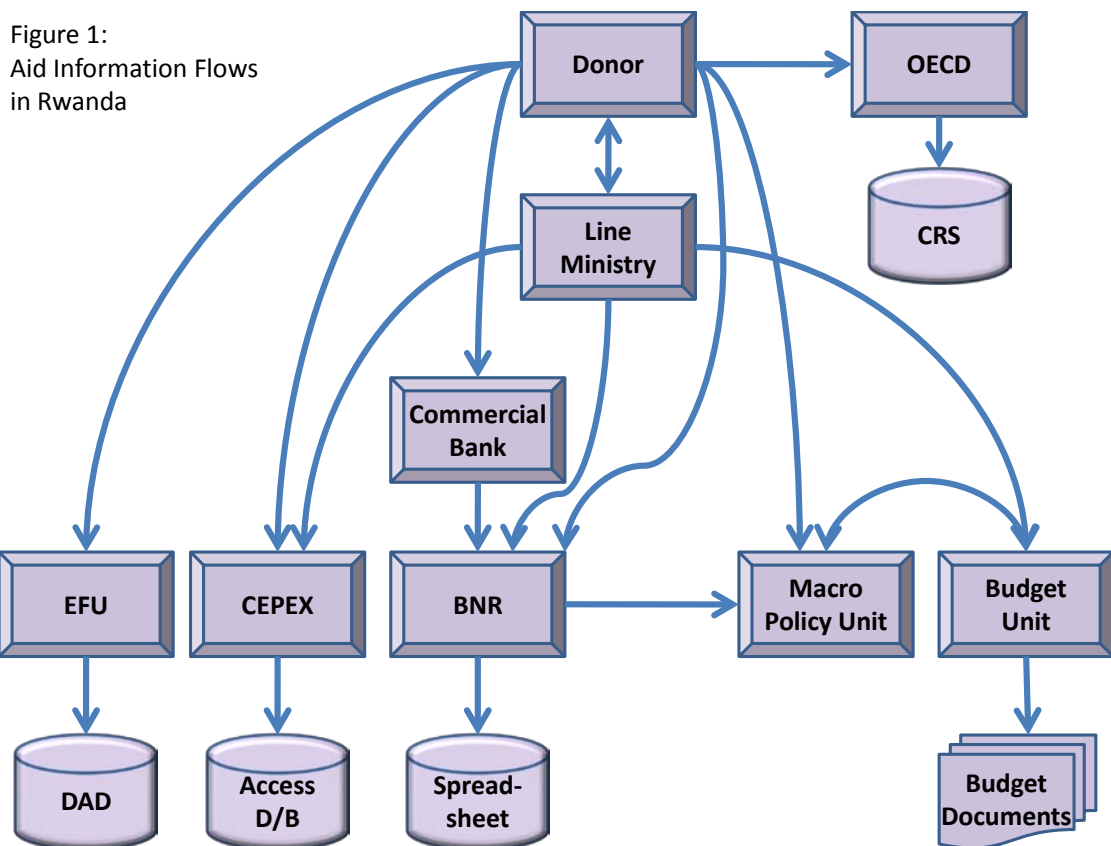
As well as working to deliver research and consultancy services on behalf of others, Development Initiatives encourages contacts between individuals, groups and organisations that share its commitment to eradicating absolute poverty.

Development Initiatives was established by Judith Randel and Tony German as a private consultancy in 1993. A separate not-for-profit arm (Development Initiatives Poverty Research) was set up late 2007/early 2008 and now runs alongside the consultancy business. Development Initiatives Poverty Research programmes – such as aidinfo and Global Humanitarian Assistance – are funded by grants.

Further information is available at: [devinit.org](http://devinit.org)

## The Flow of Aid Information in Rwanda

The flow of aid information in Rwanda is somewhat fragmented and complex. There is currently no consistent approach for obtaining definitive information on aid to Rwanda and each actor adopts their own strategies for obtaining the information they need. The flows and main repositories of aid information relating to Rwanda are shown in the somewhat simplified diagram below:



In addition to the fact that donors and line ministries each hold their own donor or sector-specific information on aid, there are five separate repositories of cross-donor, cross-sector aid information, namely:

- DAD – the Development Assistance Database implemented by the External Finance Unit in MINECOFIN
- The access database of project execution data held by CEPEX
- The foreign exchange projection spreadsheets prepared by the Banque National de Rwanda
- The national budget documentation
- The CRS database of the OECD-DAC

Thus there are several data sources which have at least the potential to hold all information on aid flows to Rwanda. However, as the diagram above shows, users of aid information obtain their data from a variety of sources with little or no real usage of these repositories.

The key stakeholders in the aid management process are typically aware of these repositories of aid data. The lack of use of these repositories is almost entirely due to a lack of confidence in both the quality and coverage of the data, or an absence of key details in the data. In the case of the CRS there is an additional problem of a lack of timeliness as the data is always more than one year out-of-date at any given point in time. The existence of this time-lag means that the OECD data are not of great value to most GoR users who are interested in information for planning purposes or for the evaluation of current projects.

A brief description of each stakeholder's role in the aid information flow is given below, followed by a comparison of the data within these repositories.

## Donors

Donors are, naturally, the primary source of aid information in Rwanda. There are three regular, formal processes by which they provide this information and they also respond to a variety of ad hoc requests for information.

The three regular processes are:

- **Providing Information to CEPEX** – CEPEX require a quarterly return from donors, and/or project management units, of information related to project execution. This information is provided to CEPEX 'Task Managers' in the form of a spreadsheet-based form.
- **Updating the DAD** – Donors have direct access to the DAD via a web-based interface. Donors are required to update the DAD at least quarterly. Some donors update the DAD more frequently than that, e.g. when a disbursement has been made to one of their projects.
- **Reporting to the OECD-DAC** – Donors are obligated to report annually on ODA to the OECD-DAC. A number of other bilateral and multilateral agencies also report on a voluntary basis. This reporting is conducted by staff in the donors' headquarters, but often depends on donors' field staff updating a central accounting system.

## External Finance Unit (EFU)

The External Finance Unit (EFU) is part of MINECOFIN and is responsible for leading aid coordination, harmonization and alignment processes within the Government of Rwanda. To this end the EFU has implemented a Development Assistance Database (DAD) to record all the aid commitments and disbursements made to Rwanda by international donors. The DAD is available to all donors via an

internet-based interface and donors are responsible for entering data on their commitments and disbursements directly into the DAD.

In technical terms the DAD is a modern, scalable system that is capable of delivering aid information directly to a wide user base. Additionally the dataset that it is designed to hold would, if the data were entered consistently and reliably, meet the great majority of data needs.

## **CEPEX**

CEPEX is a semi-autonomous body based in MINECOFIN which is responsible for the monitoring of projects within the Public Investment Programme. This covers both aid-funded projects and those financed by national resources.

CEPEX maintains its own database of project disbursements which is maintained by CEPEX staff from information provided to them by line ministries and donors. In the past this database has been used in the budgeting process within MINECOFIN, however concerns over the completeness and accuracy of data in the CEPEX database has caused the budget unit to reduce its reliance on this data. Also the Microsoft Access platform that the database is implemented on prevents the data from being made directly accessible to all the users who need it. It was not possible to obtain detailed data from CEPEX in order to perform a detailed reconciliation between this and other sources of aid data.

## **Banque Nationale du Rwanda (BNR)**

The BNR keeps a record of funds that flow from donors into government bank accounts. The funding of general budget support payments are broken down by donor on a monthly basis. This makes the records of the BNR a very useful source of data to verify the data relating to budget support in other repositories such as the CRS or DAD. The data on project support payments held by the BNR is however highly aggregated in its nature which makes it extremely difficult to reconcile the data on project support with that contained in other data sources.

The BNR maintains a forecast of expected cash inflows for the current fiscal year which is based on information from the donors. This forecast is updated with actual amounts that flow into the government bank accounts each month.

Commercial banks also inform the BNR of money paid by donors to accounts in the name of NGOs or private firms. However the BNR concede that their knowledge of aid funds paid to actors other than the Government of Rwanda is incomplete.

## **Macroeconomic Policy Unit**

The Macroeconomic Policy Unit (also within MINECOFIN) requires information on actual and projected aid inflows in order to prepare and track performance against Rwanda's macroeconomic policy framework. Data on aid are also used to calculate key macroeconomic statistics such as foreign exchange reserves, GDP, balance of payments figures, etc.

The data held in the DAD and CEPEX databases are not considered to be sufficiently reliable to use, so the Macroeconomic Policy Unit go directly to donors and the BNR for information on aid inflows. The Macroeconomic Policy Unit also compares the data it has gathered with data obtained by the Budget Unit to achieve consistency between the two units.

The data on budget support are considered to be reasonably reliable (although there is some unpredictability around the disbursement of budget support payments). However, obtaining accurate data on project support aid has proved extremely difficult and the Macroeconomic Policy Unit is forced to use 'guesstimate' figures for anticipated and actual project support aid payments.

## **Budget Unit**

The position of the MINECOFIN National Budget Unit vis-a-vis information on aid to Rwanda is almost identical to that of the Macroeconomic Policy Unit. Data on actual and planned inflows of aid are required for the preparation of the national budget and also the budget execution reports. Once again, the data held in the CEPEX database and in the DAD are not extensively used due to concerns about the reliability and comprehensiveness of the data. The Budget Unit relies mainly on information obtained directly from line ministries and the Macroeconomic Policy Unit.

As noted above, the greatest problems are perceived to lie with data on project support aid, with the data on budget support being generally considered to be more trustworthy.

## **Line Ministries**

There was no time within the scope of this study to carry out a detailed mapping of line ministries' needs and issues in relation to aid information, but an overview of the role of line ministries was gained from a number of the participants in the study. Line ministries such as MINEDUC and MINISANTE track the funding and execution of projects in their sector and report on this to CEPEX. Due to the number of aid-funded projects controlled by line ministries, these ministries are often approached for information on project support aid by a number of other actors (e.g. Macro Policy Unit, Budget Unit, etc.).

## Civil Society Organisations

Civil Society Organisations (CSOs) operating in Rwanda receive little or no statistical information on aid commitments and disbursements from either the Government of Rwanda or from donors. Most of the information on aid projects available to CSOs comes via the public media (i.e. TV, radio, newspapers, etc.). Some CSOs who are linked to international Non-Governmental Organisations (INGOs) get some limited information via their INGO partners.

A focus group meeting of CSOs, conducted during this study, showed that there was substantial interest among CSOs in data on aid, but little knowledge of how to obtain this data. There was also some recognition that CSOs themselves could be more proactive in seeking or asking for information on aid. The CSOs anticipated using this data in a number of ways including:

- Holding donors and government accountable for the use of aid funding
- Research into the relationship between aid and poverty reduction
- Advocacy on specific issues and/or sectors
- Increasing their knowledge of potential opportunities to act as delivery partners
- Disseminating information to community level within Rwanda

## Comparison of Aid Information Sources

### Comparison of Project-Level Data in DAD Rwanda and CRS

The table overleaf shows disbursements to Rwanda, aggregated by donor, in US\$million at current prices. The *absolute* (i.e. unsigned) variance between the amounts on the two systems is also given in both US\$million and percentage terms.

From this table it can be seen that there are a total of 36 donors identified across the two systems and that there are significant differences in the data on each system:

- The following 12 donors appear on the CRS as having disbursed aid to Rwanda in 2006-07, but do not have any disbursements recorded in the DAD for those years: Australia, Austria, Denmark, Finland, Greece, Ireland, Luxembourg, New Zealand, Norway, Portugal, Spain and UNFPA. These donors reported a total of \$15.25million of aid to Rwanda in 2006 and \$31.88million in 2007. This represents 3.5% of ODA reported to the CRS in 2006 and 6.3% in 2007.
- There are also 8 donors for whom disbursements appear on the DAD but not on the CRS, namely: AfDF, IDA, IFAD, Nordic Development Fund, WFP, FAO, WHO and UNIFEM. These donors reported a total of \$105.48million of aid to Rwanda in 2006 and \$173.48million in 2007. This represents 19% of ODA reported to the DAD in 2006 and 25.7% in 2007.
- Thus there are 16 donors who have reported disbursing aid to Rwanda in both systems: Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, US, UK, EC, GFATM, UNAIDS, UNDP, UNICEF. However the amounts reported by these donors vary significantly between the two systems. The sum of the absolute differences in reporting between DAD and CRS for these donors was \$96.64million in 2006 and \$166.03million in 2007.

Therefore it is clear that it is not possible to accurately identify the amount of aid to Rwanda from the data alone. The large differences between these two sources will inevitably raise questions about which, if any, data source is correct.

Table 1 – Donor disbursements in CRS and DAD for 2006 and 2007

|                              | 2006   | 2006   | 2006    | 2006   | 2007   | 2007   | 2007    | 2007   |
|------------------------------|--------|--------|---------|--------|--------|--------|---------|--------|
|                              | CRS    | DAD    | \$ Var. | % Var. | CRS    | DAD    | \$ Var. | % Var. |
| <b>Aggregates</b>            |        |        |         |        |        |        |         |        |
| All Donors, Total            | 441.25 | 555.83 | 114.58  | 26%    | 503.61 | 675.01 | 171.40  | 34%    |
| DAC Countries, Total         | 307.73 | 308.04 | 0.31    | 0%     | 368.75 | 376.97 | 8.22    | 2%     |
| Multilateral Agencies, Total | 133.52 | 247.79 | 114.27  | 86%    | 134.86 | 298.04 | 163.18  | 121%   |
| G7, Total                    | 211.00 | 245.08 | 34.08   | 16%    | 240.51 | 307.23 | 66.72   | 28%    |
| DAC EU Members, Total        | 206.17 | 167.08 | 39.10   | 19%    | 240.29 | 209.52 | 30.77   | 13%    |
| <b>Donors</b>                |        |        |         |        |        |        |         |        |
| Australia                    | 0.07   |        | 0.07    | 100%   | 0.46   |        | 0.46    | 100%   |
| Austria                      | 0.42   |        | 0.42    | 100%   | 1.75   |        | 1.75    | 100%   |
| Belgium                      | 36.08  | 23.13  | 12.96   | 36%    | 42.52  | 26.33  | 16.19   | 38%    |
| Canada                       | 2.48   | 10.46  | 7.98    | 322%   | 4.35   | 12.82  | 8.47    | 195%   |
| Denmark                      | 0.76   |        | 0.76    | 100%   | 1.09   |        | 1.09    | 100%   |
| Finland                      | 0.01   |        | 0.01    | 100%   | 1.32   |        | 1.32    | 100%   |
| France                       | 4.03   | 0.00   | 4.03    | 100%   | 5.25   |        | 5.25    | 100%   |
| Germany                      | 19.39  | 7.86   | 11.53   | 59%    | 23.08  | 49.84  | 26.76   | 116%   |
| Greece                       | 0.03   |        | 0.03    | 100%   | 0.05   |        | 0.05    | 100%   |
| Ireland                      | 3.73   |        | 3.73    | 100%   | 3.47   |        | 3.47    | 100%   |
| Italy                        | 0.00   | 0.08   | 0.08    | 100%   | 2.52   | 0.38   | 2.14    | 85%    |
| Japan                        | 12.74  | 18.11  | 5.37    | 42%    | 19.54  | 1.18   | 18.36   | 94%    |
| Luxembourg                   | 2.81   |        | 2.81    | 100%   | 5.56   |        | 5.56    | 100%   |
| Netherlands                  | 24.65  | 18.61  | 6.04    | 25%    | 27.84  | 25.72  | 2.12    | 8%     |
| New Zealand                  | 0.06   |        | 0.06    | 100%   | 0.03   |        | 0.03    | 100%   |
| Norway                       | 3.98   |        | 3.98    | 100%   | 7.43   |        | 7.43    | 100%   |
| Portugal                     | 0.60   |        | 0.60    | 100%   | 0.7    |        | 0.70    | 100%   |
| Spain                        | 2.00   |        | 2.00    | 100%   | 7.97   |        | 7.97    | 100%   |
| Sweden                       | 16.82  | 17.99  | 1.17    | 7%     | 22.16  | 16.78  | 5.38    | 24%    |
| Switzerland                  | 4.71   | 3.23   | 1.48    | 31%    | 5.89   | 0.91   | 4.98    | 85%    |
| United Kingdom               | 94.84  | 99.41  | 4.57    | 5%     | 95.01  | 90.46  | 4.55    | 5%     |
| United States                | 77.52  | 109.16 | 31.64   | 41%    | 90.76  | 152.54 | 61.78   | 68%    |
| EC                           | 67.69  | 69.16  | 1.47    | 2%     | 79.77  | 73.46  | 6.31    | 8%     |
| AfDF (African Dev. Fund)     |        | 12.98  | 12.98   | 100%   |        | 31.13  | 31.13   | 100%   |
| Global Fund                  | 52.28  | 58.59  | 6.31    | 12%    | 37.41  | 37.33  | 0.08    | 0%     |
| IDA                          |        | 61.67  | 61.67   | 100%   |        | 110.09 | 110.09  | 100%   |
| IFAD                         |        | 13.05  | 13.05   | 100%   |        | 9.89   | 9.89    | 100%   |
| Nordic Dev. Fund             |        | 1.39   | 1.39    | 100%   |        |        | -       | -      |
| UNAIDS                       | 0.14   | 0.03   | 0.11    | 76%    | 0.94   | 0.00   | 0.94    | 100%   |
| UNDP                         | 5.65   | 6.86   | 1.21    | 21%    | 5.6    | 3.77   | 1.83    | 33%    |
| UNFPA                        | 0.78   |        | 0.78    | 100%   | 2.05   |        | 2.05    | 100%   |
| UNICEF                       | 6.98   | 7.67   | 0.69    | 10%    | 9.09   | 9.99   | 0.90    | 10%    |
| WFP                          |        | 12.86  | 12.86   | 100%   |        | 19.83  | 19.83   | 100%   |
| FAO                          |        | 0.29   | 0.29    | 100%   |        |        | -       | -      |
| WHO                          |        | 3.23   | 3.23    | 100%   |        | 0.05   | 0.05    | 100%   |
| UNIFEM                       |        |        | -       | -      |        | 2.49   | 2.49    | 100%   |

There is no single, systemic cause for these discrepancies. The differences between the two are caused by a wide variety of problems and, although some evidence of human error was present, the majority of these problems are procedural in their nature. Ultimately it was not possible to explain all of the differences between the two databases within the time allowed for this study, but some of the reasons for the discrepancies were apparent. Below is a brief description of the causes of discrepancies that it was possible to positively identify during the study:

The data on the DAD are entered directly by in-country staff of those donor agencies who have a presence in Rwanda. Thus the DAD is missing data from those donors whose aid agency does not have an in-country mission. Whilst these are mostly small donors, some of the figures are quite significant (e.g. nearly \$8million from Spain in 2007). Furthermore, a number of donors have tended to report only on ODA deemed to be for the government sector, excluding the assistance that they channel through the non-governmental sector.

The CRS has comparatively poor coverage of the activities of multilateral donors, with only the EC, the Global Fund and some parts of the UN system reporting to the CRS. The DAD, on the other hand captures data from several multilaterals who are missing from the CRS, including the African Development Fund, the World Bank and the Nordic Development Fund. However, there seems to be a lack of a consistent approach from the various agencies of the UN system, with some reporting to the CRS but not the DAD, others reporting to the DAD but not CRS and still others reporting to both.

There is a lack of common definitions of basic terms. For example, the US uses a different definition of 'disbursement' when it reports to the DAD from the one it uses in reporting to the CRS. The Rwandan-based USAID staff enter their 'obligated funds' into the DAD as disbursements when their spending plans are approved by USAID in Washington. However these 'obligated funds' are essentially commitments, which may actually be disbursed over a number of years. The reporting to the CRS (by Washington-based staff) consists of financial transactions, shipments of aid-in-kind, etc. that were disbursed in the reporting year in question. This has led to extremely wide discrepancies between the figures reported by the US to the DAD compared to those reported to the CRS. (The US reported a total of \$93million more to the DAD than the CRS over the two years 2006-2007.)

There is a difference in data quality where in-country donor staff have greater autonomy over an aid intervention compared to those situations which involve a high degree of central control by donors' HQs. For example, The Netherlands' data on the DAD, in most cases, matches very closely the data on the CRS, however there are a few projects on the CRS that are entirely missing from the DAD. These seem to be projects where the disbursements are controlled centrally rather than (as is the case for most of The Netherlands' projects) initiated by in-country staff.

Countries with a multiplicity of aid agencies may not capture all of their aid interventions in the DAD. For example, the USAID-based staff in Rwanda were aware of some US projects in Rwanda funded through the DoA, or DoD, that were not included in their reporting to the DAD.

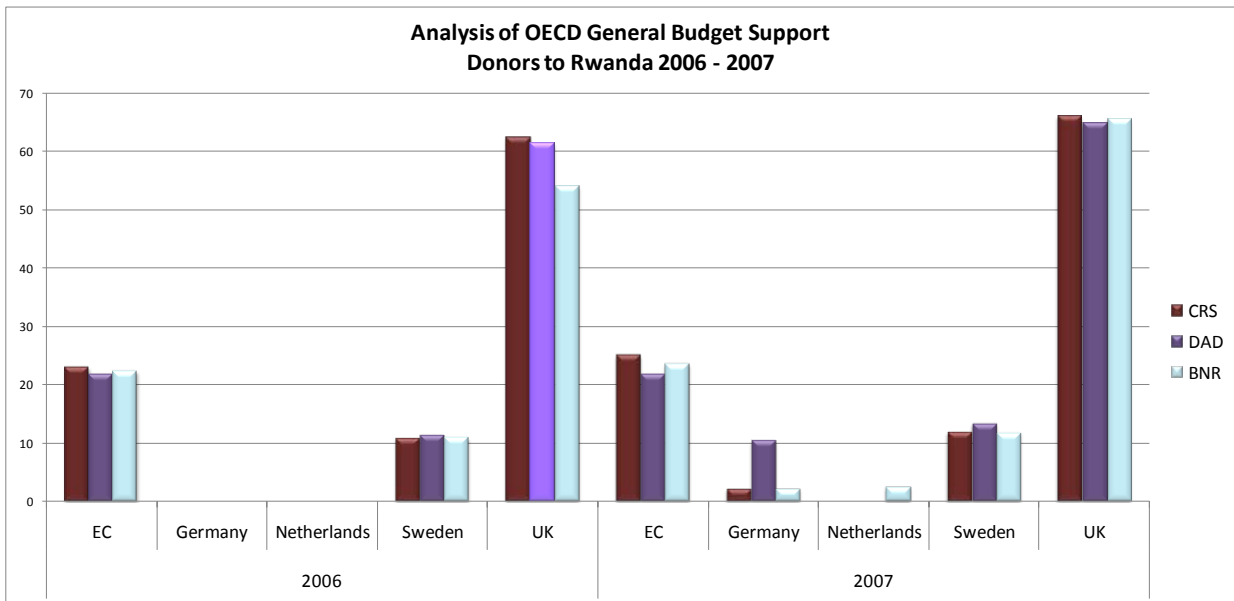
Some data entry problems were discovered during the study. These seemed to mainly affect the data from Belgium where several projects had been entered into the DAD with extremely low total disbursements (between \$4 and \$28). The assumption is that the individual who entered this data believed that they were entering amounts in thousands, or tens of thousands rather than single dollar units.

## Comparison of Budget Support Payments

The amount of General Budget Support given to Rwanda is recorded in three separate information repositories, namely the DAD the CRS and the records of the BNR (National Bank of Rwanda).

There are five General Budget Support donors identified in these three repositories: EC, Germany, Netherlands, Sweden and UK. The amounts of General Budget Support recorded from these donors in each of the three repositories in the years 2006-2007 are illustrated below.

Figure 2: Comparison of Budget Support disbursements recorded in differing systems



Although there are some discrepancies (notably UK in 2006 and Germany in 2007), for the most part there is a very strong similarity between the three datasets. Indeed, of the overall \$96.64million discrepancy between the DAD and CRS in 2006, only \$1.64million is attributable to differences in the reporting of General Budget Support. Similarly, in 2007, of the overall \$166.03million discrepancy between the DAD and CRS, only \$5.2million is attributable to differences in the reporting of General Budget Support.

The figures in the DAD and CRS also correlate reasonably well with the records of the BNR. Over the two-year period 2006-2007 the difference between the BNR data and the CRS for all donors combined is \$8.6million or 4.3%. Whilst any such difference is undesirable, this clearly represents only a small fraction of the overall differences between the CRS and Rwanda's own data. It is likely that at least some of this variation is the result of differences in the exchange rates used in reporting and analysis.

The Rwandan government officials interviewed in the course of the study also stated repeatedly that the data on General Budget Support disbursements were considered to be reasonably reliable.

Therefore it seems clear that the large discrepancies that exist in the data on aid to Rwanda are almost entirely due to deficiencies in the reporting of project-based aid.

## Comparison Between DAD and Budget Documents

Research conducted by CABRI in 2008 compared data on externally-financed projects listed in the DAD with those listed in the Finance Law (i.e. budget) and the Consolidated Financial Statements (i.e. accounts).

This study found the following externally-financed projects in the three repositories:

- 106 projects/programmes appear in the 2007 finance law (budget), for a total value of 122,6 bn Rwf in the development budget, and 5,7bn Rwf in the recurrent budget (corresponding to one project)
- 147 projects/programmes appear in the 2007 financial statements (accounts) for a total value of 175,3 bn Rwf
- 184 projects/programmes appear in the DAD as having disbursed in 2007 for a total value of 268,5 Rwf

The comparison of these three repositories yielded the following key findings:

- Only 46 projects/programmes (16% of the total) can be found in the three documents.
- A total of 90 projects/programmes (32% of total) appear both in the Budget and in the Accounts.
- 175 projects/programmes (62% of total) can be found only in one of the three documents, but not in the two others.
- Finally, 177 projects/programmes are not on budget.

Again these discrepancies were found to be caused by a variety of issues, mostly procedural in their nature and these are summarised below:

There is a lack of clear definition of what is a “project”, and what are sub-components. Some projects/programmes are reported in one document as one entity, while in another document each of its sub-components is recorded as a project/programme (e.g. the EC’s RISEM project is recorded as such in the DAD, but as many different “projects” in the budget and the accounts, for example support to statistics, support to MINICOM, etc).

Some ministries or public entities may be reluctant to provide information on projects/programmes they have during the preparation of the budget, in order not to lose out on the national budget allocation. For many projects/programmes that are not on budget, in particular projects/programmes by bilateral donors MINECOFIN may not always have been involved. When MINECOFIN was involved (signatory to the project, to disbursements), information has not flowed to the National Budget Unit.

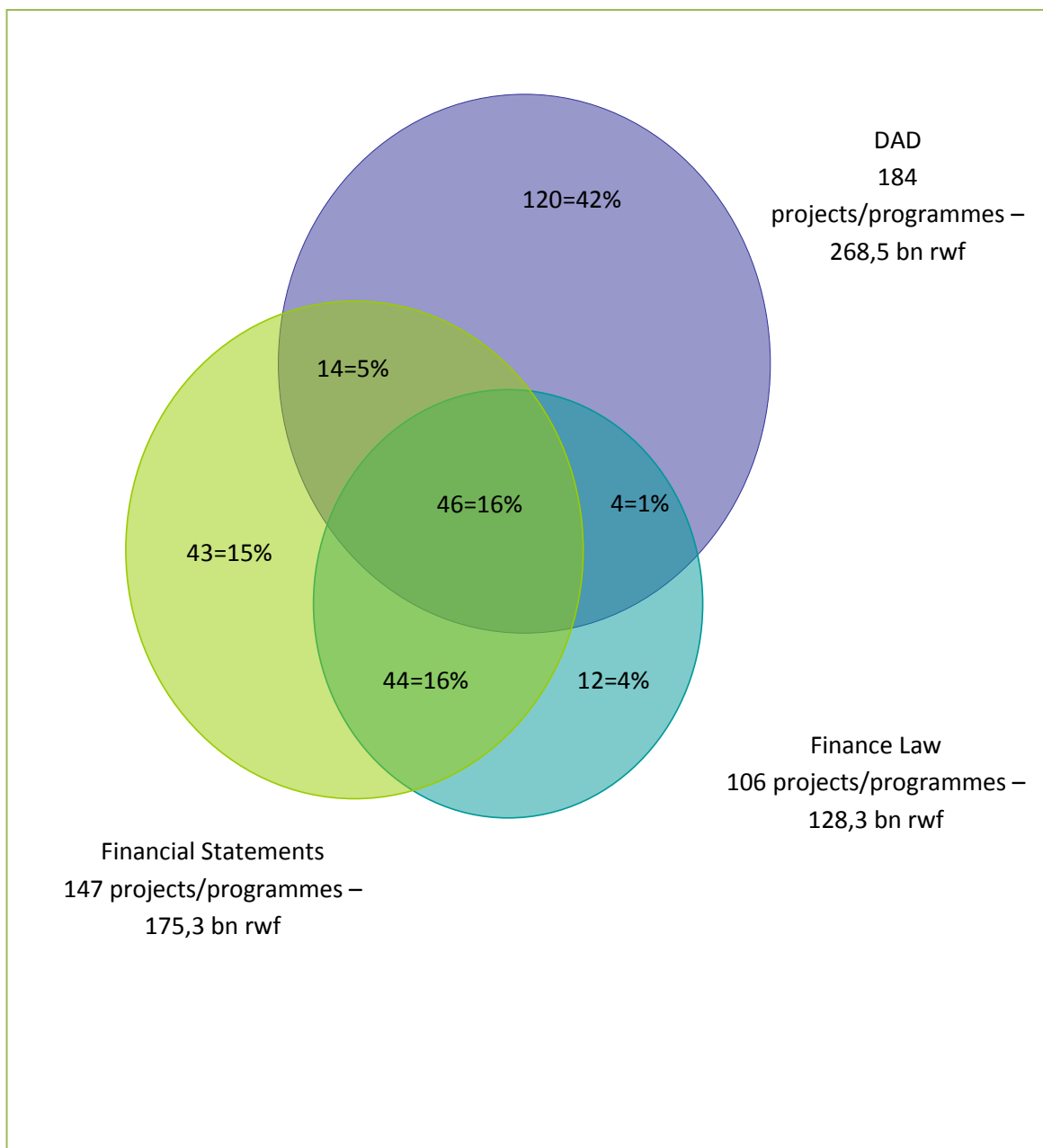
Projects/programmes that are in the budget but did not commence operations in 2007 have been kept out of the financial statements. Some externally-financed projects/programmes have been classified in the financial statements as ‘programmes’ within central government ministries and agencies or even as ‘budget agencies’. Therefore they do not stand out as projects in the financial statements. This is for example the case of two IDA projects: E-Rwanda, classified in the budget as a

project and in the financial statement as a programme in RITA; and Rwanda Demobilisation and reintegration project (RDDP), included in the financial statements as an extra budget agency.

Entries by donors in the DAD do not always cover 100% of the ODA to Government sector from their country, especially when there are many institutions involved and some donors do not populate the DAD.

The relationship between the projects listed in these three repositories is illustrated in the diagram below<sup>1</sup>.

Figure 3: Comparison of projects recorded in DAD, financial statements and budget law



<sup>1</sup> Source: CABRI (2008), *Aid on Budget in Rwanda: Issues, conclusions and recommendations for reforms*

## Traceability at Project Level

Despite the deficiencies in the data, the study did find evidence of how aid can be made more traceable at a project level provided the data are of sufficient quality. In the Rwanda DAD a few donors (mainly the UK & Netherlands) either prefix or suffix many of their project titles with a string of numbers corresponding to the “Donor Project Id” field on the CRS. This allows a link to be made between the data in the CRS and the data in the DAD.

For example a project in the CRS with the description: “Improvement Forestry and Rehabilitation Infrastructure in Rural Areas” can be traced to a record in the DAD relating to a project in the town of Cyangugu in the Western Province with the following, much more detailed, description:

Infrastructure: roads, terracing. - organise and provide TA for rehab. of 106 km of feeder roads in specific areas around Lake Kivu and the Nyungwe Forest using labour intensive methods - reduce environmental degradation through reforestation, agroforestry and anti-erosion measures in the areas bordering Lake Kivu and Nyungwe Forest through LIPW - reinforce capacities of local authorities and elected officials at cell-, sector-, and district levels to design and implement activities for poverty reduction and sustainable development

There are also details of the implementing partner and the government agency who acted as the national counterpart. Other details include a breakdown of individual disbursements with precise amounts and dates.

Examples such as this therefore demonstrate the possibilities that exist for true end-to-end tracking of aid funding.

However this level of traceability is the exception rather than the rule. Indeed there seems to be no accepted definition as to what actually constitutes a ‘project’. This can be illustrated by the fact that, in the 2007 DAD data, Belgium is listed as having 37 projects with total disbursements of \$25million, whereas USAID is shown as having disbursed \$152million to just 7 projects.

## Key Aid Information Issues in Rwanda

The over-complication of aid information management and the discrepancies between the main sources of data that exist in Rwanda are of more than academic interest. The situation described above has a very real impact in a number of areas connected with aid and overall economic management in this country.

### Macroeconomic Management

Project-based aid makes up between 20% and 30% of the budget of Rwanda and the overall level of project based aid is even higher than this when off-budget aid is taken into consideration . As such, the high levels of uncertainty that surround the data on project-based aid have an effect on the macroeconomic management of the nation as a whole. The Macroeconomic Policy Unit of the government is forced to use “guesstimate” figures on the amount of project-based aid money that flows into Rwanda. This undermines the validity of the macroeconomic framework.

Similarly, key measures of economic performance such as GDP and Balance of Payments are very likely to contain inaccuracies. This again is a hindrance to economic decision-making within, and beyond, the Government of Rwanda.

Information on future aid flows is incomplete and, in some cases, not revised often enough to ensure it is up-to-date. This has contributed to a situation where, in some cases, planned aid disbursements have not arrived when the GoR had expected them to be paid. The levels of aid compared to domestic resources in Rwanda are so large that the non-appearance of planned disbursements have caused unplanned drawing down of reserves leading to liquidity problems in the Central Bank and unplanned government borrowing.

The data does not make it clear what project-based aid will be disbursed as cash as opposed to other forms of aid and where the funds will actually be disbursed (i.e. in Rwanda, or in the form of direct payments to suppliers abroad). This has led to uncertainty over planned levels of foreign exchange reserves. An example of this is where there is an element of embedded technical cooperation contained within a development project. It is not usually possible, from the data alone, to separate this element of technical cooperation from other forms of transfer.

It is not clear from the data what aid has been, or will be disbursed via central government, local government, NGOs/CSOs or private contractors. Again this makes it difficult to accurately measure the available resources of government.

## **Aid Management and Aid Effectiveness**

The inconsistencies that exist in the data on project-based aid to Rwanda make it all but impossible to gain an accurate picture of what aid is flowing to Rwanda, in what forms, and when. This makes it extremely difficult to effectively exercise overall management of aid-funded development in Rwanda and may hinder the full implementation of commitments undertaken in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action at the country level.

Harmonisation of development efforts, either between donors or between government and donors, is difficult or impossible to achieve as there is no way of gaining an overall picture of exactly what aid is being allocated where and what in what form aid is arriving.

Ownership of the development agenda by the Government of Rwanda is compromised due to a lack of knowledge about the totality of aid interventions taking place in the country.

Alignment of aid interventions with the Government of Rwanda's poverty reduction strategy is unnecessarily difficult to measure and therefore much harder to achieve in practise.

The deficiencies in the data are a highly significant barrier to research into measuring the effectiveness of aid to Rwanda.

## **National Budget**

As is the case with the macroeconomic framework, the lack of clarity over the levels of project-based aid renders the national budget unrealistic.

The uncertainty over planned levels of aid has, on occasion, caused delays in the presentation of the budget to parliament.

The current state of data on project-based aid is a major hindrance to Rwanda's attempts to get more aid on budget. The Director of the Budget Unit believes that there are projects that could and should be counted as on-budget that are being missed due to poor-quality information.

There is currently no mapping between aid disbursements and the chart of accounts used in the budget. Thus where aid is assigned to the payment of salaries, the purchase of equipment, etc. there are difficulties in accurately reflecting this in the budget.

It is impossible to get accurate figures on project execution. As a result of this, the budget review documentation also contains figures that are known to be inaccurate.

## Recommendations

### Improvements to Aid Data

The establishment of a transparency standard for aid information, as proposed by the International Aid Transparency Initiative (IATI), has the potential to address many of the shortcomings in the data on aid to Rwanda highlighted in this report. A standard dataset, with clear, universally accepted definitions of each data item should be defined for all aid data and used consistently by all donors. Recently-implemented In-country databases (e.g. DAD Rwanda) give good indication of the content of this potential standard dataset as they have been designed with the partner countries' aid information needs in mind. The research undertaken in Rwanda suggests a number of other specific improvements that should be made in relation to data on aid and these are summarised below.

A new definition of aid modalities is needed which makes it clear the form that each aid commitment and disbursement takes. As an example of what is needed, the following taxonomy of categories and sub-categories of aid was drawn up following a discussion with Kampeta Sayinzoga, Director of the Macroeconomic Policy Unit of the Government of Rwanda.

- Non-transfer ODA (e.g. debt write-off, imputed student cost, etc.)
- Non-financial transfer, split between the following sub-categories:
  - Transfer of consumables (e.g. food aid)
  - Human or knowledge capital transfer (Technical Cooperation)
  - Transfer of physical capital
- Financial transfer, split between the following sub-categories:
  - Aid outside government control (e.g. direct payments to implementing partner)
  - Aid for a specified purpose but within government control (e.g. on-budget project support)
  - Sector Budget Support
  - General Budget Support

A shared scheme of project identification should be established to ensure that a project is defined consistently by both donors and partner countries.

Data on disbursements needs to be as up-to-date as possible. Ideally, this would mean near real-time updating of information regarding disbursements.

Data on commitments and forecasts of forthcoming aid should be reviewed and updated to avoid partner country governments making decisions based on out-of-date forecasts or commitments that are no longer valid.

For aid channelled through the government sector, a distinction needs to be made between central government and sub-national/local government as an implementing partner.

At present there is some inconsistency in the data supplied to the Government of Rwanda between cases where donor staff in-country exercise greater control over aid interventions and where control resides with staff in the donor headquarters. Steps need to be taken to ensure consistency of data in all cases.

There is a requirement for clear guidance on how to report consistently on aid interventions funded by multiple donors through joint projects, trust funds, etc.

The data should make it possible to easily distinguish between aid which is investment-based and that which is long-term recurrent spending.

The capacity of partner countries to access and analyse data on aid should be should be assessed and any issues addressed. Such assessment should cover both technology issues and any training requirements of staff members. This should apply to both the government and civil society sectors.

## **Recommendations Specific to Rwanda**

In the interim period before any new data standard can be introduced, there are a number of steps that Rwanda could take to improve the quality of aid information in that country and these are summarised below.

Steps should be taken to correct obvious data quality problems, for example some aid disbursements entered by Belgian donor staff were for sums in the range of \$5 to \$30. It should be simple to implement warning messages in the DAD data entry screens to prevent the entry of nonsensical data.

The EFU within MINECOFIN should seek to improve data coverage within the DAD by investigating ways of getting data from donors who are currently missing from the system, but who are listed as donors in the OECD data.

Where there are obvious inconsistencies between donors' interpretation of the data entry requirements (e.g. USAID Rwanda's definition of 'disbursement') the EFU should attempt to persuade donors to adopt more consistent definitions.

MINECOFIN should seek to rationalise the requirements imposed on GoR and donor staff for reporting to in-country repositories of aid data. In practise this would probably mean, subject to feasibility, donors reporting only to the DAD. Then either the DAD could feed data into CEPEX, or the CEPEX database could be merged into the DAD.

In conjunction with Synergy (supplier of the DAD) investigate ways of resolving the current performance issues with the Rwanda DAD. For example, look at the use of mirror sites to equalise performance for users inside and outside of Rwanda.

Subject to the resolution of data quality and coverage problems, pursue the planned integration between the DAD and the Smartgov budgeting application. This should improve consistency between the DAD and the budget documentation.

## Appendix 1 –Data Items in Rwanda DAD

### Project General Info

| Field Name                       | Instructions   | Required? |
|----------------------------------|--|-----------|
| Title                            | The official name of the project used in project documents and approved by the competent agency.   | Yes       |
| Description                      | <p>A short overview of the project, understandable for the general public. The project description, should preferably consist of:</p> <ul style="list-style-type: none"> <li>a. Contexts/background,</li> <li>b. Goals/objectives, and</li> <li>c. Key activities/components</li> </ul> <p>Project description can be several paragraphs of free text.</p> | No        |
| Program                          | The parent program serving as an umbrella for the given project  | No        |
| Approval Date                    | The date when the agreement for the implementation of the given project was signed.  | No        |
| Start Date                       | The date of initiation of project activities as per the approved project document.   | Yes       |
| End Date                         | The date of conclusion of project activities as per the approved project document.   | No        |
| Duration (months)                | The actual or planned time-span for the project.   | No        |
| Implementation Status            | The current phase of the project (e.g. pipeline, registered, etc.) in terms of its implementation  | No        |
| Sectors                          | The Sectors/Sub-sectors of the economy to which the project contributes.   | No        |
| % distribution of funds          | The portion (in %) of the total project cost that will be contributed to support each sector/sub-sector.   | No        |
| Is this a multi-country project? | Whether the given project is implemented in other countries as well as Rwanda  | No        |
| Locations                        | The geographic locations within Rwanda that are intended to benefit from the project activities.   | No        |
| % distribution of funds          | The portion (in %) of the total project cost that will be contributed to support each location   | No        |

### Project Contact Information

| Field Name                                | Instructions  | Required? |
|---|---|-----------|
| Organisations / Agencies                  | The organisations that are relevant to the project according to the role they play in the project implementation. | No        |
| Project Contacts (by Organisation/Agency) | The contacts within each specified organisation that are associated with the project.                             | No        |

### Project Financial Info

| Field Name                   | Instructions  | Required? |
|------------------------------|---|-----------|
| Project Cost                 | The amount requested for the project implementation. This should include contributions of all parties, i.e. Funding Agencies, Government Bodies, etc.   | Yes       |
| Commitments                  | Detailed financial information on the project commitments grouped by each Donor Agency that was selected for the project comprising: <ul style="list-style-type: none"> <li>- Implementer to which the commitment is made. The user should select the appropriate instance from the drop-down list containing the Implementers selected in the <i>Organisations and Contacts</i> section.</li> <li>- Date when the commitment took place.</li> <li>- Currency in which the commitment was made</li> <li>- Commitment Amount</li> <li>- Terms of Assistance (grant or loan).</li> <li>- Modality of Funding for the project</li> <li>- Additional information on the loan (e.g. conditionality, etc.)</li> </ul> | No        |
| Disbursements                | Detailed financial information on the project disbursements grouped by each Donor Agency that was selected for the project comprising: <ul style="list-style-type: none"> <li>- The combination of Implementer – Terms of Assistance that link the disbursement to a set of valid (recorded) commitments</li> <li>- Date when the disbursement took place</li> <li>- Currency in which the disbursement was made</li> <li>- Disbursement Amount</li> </ul>  | No        |
| Potential Additional Funding | Information about the amount of funding expected for the extension of project.  | No        |

**Project Activities Info**

| <b>Field Name</b>      | <b>Instructions</b>                                     | <b>Required?</b> |
|------------------------|---|------------------|
| Activity title         | The title of the activity                               | No               |
| Activity description   | A brief description for the activity                    | No               |
| Objectives of activity | A description of what objective(s) the activity pursues | No               |
| Start date             | The activity start date                                 | No               |
| End date               | The activity end date                                   | No               |

**Notes and Project Related Documents**

| <b>Field Name</b> | <b>Instructions</b>   | <b>Required?</b> |
|-------------------|---|------------------|
| Notes / Comments  | Any additional comments that are relevant to the given project.   | No               |
| Attach Documents  | Attached documents which may contain project-related information. | No               |

**User Activity Log**

| <b>Field Name</b> | <b>Instructions</b>  | <b>Required?</b>        |
|-------------------|--|-------------------------|
| User Activity Log | Provides information about the recent changes that were made to the Data Entry of the current project – identifies the user and the date/time that modifications were performed. | Automatically Generated |

## Appendix 2 – People Interviewed

Aurélien A. Agbénonci : United Nations Resident Coordinator & UNDP Resident Representative

Elias Baingana : Director of National Budget, MINECOFIN

Africain Bairaboneye : CESTRAR\*

Claudette Goretti : MINALOC

Cyriaque Harelimana : Programme Officer, DFID

Jean-Bosco Hodali : CEPEX

Innocent Hitayezu : Oxfam GB\*

Peter Isabiryé : Portfolio Operations Consultant, The World Bank

Thadee Karere : RCS Platform\*

Frederik Matthys : UN Coordination Advisor

John Mudakikwa : AJPRODHO\*

Zephy Muhirwa, Aid Management Officer, External Finance Unit, MINECOFIN

Boniface Mutabazi : BNR

Robin Ogilvy : Programme Specialist – Aid Effectiveness, UNDP

Patrick Osodo : Program Manager, Norwegian People's Aid

Fred Quarshie : Economic Advisor, MINECOFIN

Dereck Rusagara, AIMS Officer, UNDP support to MINECOFIN

Kampeta Sayinzoga : Director of Macroeconomic Policy Unit, MINECOFIN

Carl Seagrave : Supervisory Programme Officer, USAID

Michel Sebera : Bilateral Cooperation Officer, MINECOFIN

Steinar Sundvoll : Norwegian People's Aid\*

Lea Valentini : Trocaire\*

Faustin Vuninguma : CCOAIB\*

Dennis Weller : Mission Director, USAID

Lon Zomer : Senior Administrative Officer, Netherlands Embassy

*\* Participant in CSO focus group meeting*

## Appendix 3 – List of Acronyms

|           |   |
|-----------|---|
| AfDF      | African Development Fund                              |
| BNR       | National Bank of Rwanda                               |
| CABRI     | Collaborative Africa Budget Reform Initiative         |
| CEPEX     | Central Public Investment and External Finance Bureau |
| CSO       | Civil Society Organisation                            |
| DAC       | Development Assistance Committee                      |
| DAD       | Development Assistance Database                       |
| DFID      | Department for International Development              |
| EC        | European Commission                                   |
| EFU       | External Finance Unit                                 |
| FAO       | Food and Agriculture Organisation (United Nations)    |
| GoR       | Government of Rwanda                                  |
| IATI      | International Aid Transparency Initiative             |
| IDA       | International Development Association                 |
| IFAD      | International Fund for Agricultural Development       |
| INGO      | International Non-Governmental Organisation           |
| MINALOC   | Ministry of Local Government                          |
| MINECOFIN | Ministry of Economy and Finance                       |
| MINEDUC   | Ministry of Education                                 |
| MINISANTE | Ministry of Health                                    |
| NBU       | National Budget Unit                                  |
| NGO       | Non-governmental Organisation                         |
| ODA       | Official Development Assistance                       |
| PFM       | Public Finance Management                             |
| Rwf       | Rwanda Francs   |
| UNAIDS    | Joint United Nations Programme on HIV/AIDS            |
| UNDP      | United National Development Programme                 |
| UNFPA     | United Nations Population Fund                        |
| UNICEF    | United Nations Children’s Fund                        |
| UNIFEM    | United Nations Development Fund for Women             |
| WHO       | World Health Organisation                             |